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PAGE 01 KABUL 01765 01 OF 05 091237Z

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ACTION NEA-07

INFO OCT-01 SS-14 ISO-00 PM-03 SP-02 L-01 NSC-05 NSCE-00

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REVIEWED BY S. Rockwell DATE 10/15/80
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C O N F I D E N T I A

EXCISE

LIMDIS

FROM AMBASSADOR

E.O. 11652: GDS
TAGS: PFOR, OGEN, AF
SUBJ: ANNUAL POLICY ASSESSMENT
REF: A. FAM 212.4; B. 75 KABUL 8458 C. 75 KABUL 8859

SUMMARY: THE US MISSION IN KABUL HAS COMPLETED ITS 1976 ANNUAL POLICY ASSESSMENT. A REVIEW GROUP HAS MET SINCE EARLY DECEMBER 1975 WITH A MANDATE TO EXAMINE AND QUESTION ALL U.S. POLICIES AND PROGRAMS IN AFGHANISTAN. SUBSEQUENTLY, THE COUNTRY TEAM MET WITH THE REVIEW GROUP TO DISCUSS THE GROUP'S CONCLUSIONS AND RECOMMENDATIONS. THE CONSENSUS, WHICH THE COUNTRY TEAM AND I ENDORSE, AFTER THESE DISCUSSIONS IS THAT U.S. INTERESTS AND OBJECTIVES IN AFGHANISTAN REQUIRE SOME BROADENING AND SOPHISTICATION. THIS IS SO BECAUSE OF CHANGES IN THE AFGHAN SCENE AS A RESULT OF THE 1973 COUP, IN OUR OWN GLOBAL PERCEPTION OF OUR RELATIONSHIP WITH LESS DEVELOPED COUNTRIES, THE GROWING IMPORTANCE OF MULTILATERAL DIPLOMACY, AND THE FOCUS OF OUR AID PROGRAM ON THE RURALPOOR. WHILE WE SHOULD CONTINUE TO SUPPORT AN INDEPENDENT

PAGE 02 KAB [illegible] 01 OF 05 091237Z

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AFGHANISTAN ABLE TO LIMIT SOVIET INFLUENCE AND WHILE WE SHOULD CONTINUE TO PROMOTE BETTER RELATIONS BETWEEN AFGHANISTAN AND PAKISTAN AND AFGHANISTAN AND IRAN, WE HAVE ADDITIONAL OBJECTIVES AND OPPORTUNITIES. THESE INCLUDE CONTINUING A SOUNDLY CONCEIVED AID PROGRAM AIMED AT ASSISTING THE MAJORITY OF AFGHANS; FOSTERING BROADER U.S. AFGHAN TIES THROUGH CULTURAL ACTIVITIES, EXCHANGES OF PERSONS, TRAINING PROGRAMS AND THE PEACE CORPS; ASSISTING IN THE PROMOTION OF A GREATER PRIVATE U.S. PARTICIPATION IN THE AFGHAN ECONOMY THROUGH OPEC-FINANCED UNDERTAKINGS AND INVESTMENT; OBTAINING MORE FAVORABLE AFGHAN VOTES IN MULTILATERAL FORUMS; AND WORKING WITH THE UN AND THE AFGHANS TO CURB ILLICIT NARCOTICS TRAFFICKING AND, IN DUE COURSE, PRODUCTION.

OUR ABILITY TO ACHIEVE THESE OBJECTIVES WILL DEPEND TO SOME DEGREE ON THE RESOURCES WE CAN APPLY TO AFGHANISTAN. WE BELIEVE THAT RESOURCE INVESTMENT BY THE U.S. GOVERNMENT IS IN DANGER OF BEING REDUCED TO THE POINT WHERE OUR INTERESTS WILL BE ADVERSELY AFFECTED. THIS IS PARTICULARLY TRUE OF THE MAP TRAINING AND CU PROGRAMS.

WE ALSO MUST CONTINUE TO MAKE CLEAR TO THE AFGHANS THAT U.S. ASSISTANCE OF ALL KINDS -- AID AND USIA AND PEACE CORPS AND PRIVATE AND VOLUNTARY PROGRAMS -- HAVE AS A PREREQUISITE THE NEED FOR STRONG AFGHAN PARTICIPATION AND MUTUALITY.

THIS CABLE REPRESENTS THE VIEWS OF THE HEADS OF ALL ELEMENTS OF THE MISSION AS WELL AS MY OWN. THE REVIEW GROUP'S PAPER IS BEING FORWARDED TO THE DEPARTMENT UNDER COVER OF AN AIRGRAM. END SUMMARY.

1. RESUME OF THE REVIEW GROUP'S PRESENTATIONS TO THE COUNTRY TEAM.

THE REVIEW FOCUSED ON WHETHER THE 1969 NSC PAPER'S STATEMENT OF OBJECTIVES CONTINUES TO DEFINE EXHAUSTIVELY U.S. INTERESTS IN AFGHANISTAN AND TO SERVE AS THE JUSTIFICATION OF MISSION PROGRAMS AND ACTIVITIES IN LIGHT OF DEVELOPMENTS IN AFGHANISTAN AND THE REGION, AND SHIFTS IN EMPHASIS AND

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PRIORITIES OF U.S. FOREIGN PGLICY. THE 1969 NSC OBJECTIVES ARE REGIONAL IN NATURE AND RELATE TO LIMITATION ON SOVIET INFLUENCE IN AFGHANISTAN AND TO IMPROVED RELATIONS BETWEEN AFGHANISTAN AND ITS NEIGHBORS, IRAN AND ESPECIALLY PAKISTAN.

THE REVIEW GROUP ARGUED THAT SINCE 1969, AND ESPECIALLY SINCE THE 1973 COUP, THE AFGHAN STRATEGY TO COUNTERBALANCE AND SET LIMITS ON SOVIET INFLUENCE HAS BECOME MORE COMPLEX. WHILE GOOD BILATERAL RELATIONS WITH THE UNITED STATES REMAIN AN ESSENTIAL ELEMENT IN THE AFGHAN STRATEGY, RELATIONS WITH THE PEOPLE'S REPUBLIC OF CHINA (PRC), AND WITH THE ISLAMIC OPEC NATIONS, ESPECIALLY IRAN, HAVE ASSUMED A LARGER ROLE. IF IMPLEMENTED, IRANIAN AID COMMITMENTS TO AFGHANISTAN, AS WELL AS BURGEONING TRADE LINKS, COULD RIVAL THE IMPORTANCE OF THE HITHERTO DOMINANT ECONOMIC POSITION OF THE SOVIET UNION. THE PRESENT POLITICAL SIGNIFICANCE OF IRANIAN COMMITMENTS, HOWEVER, LIES IN THE GOOD BILATERAL RELATIONS BETWEEN IRAN AND AFGHANISTAN AS SHOWN BY THE IRANIAN OFFER AND THE AFGHAN ACCEPTANCE OF MASSIVE ECONOMIC ASSISTANCE FROM THE STRONGEST REGIONAL ADVERSARY OF THE USSR.

WHILE THE REVIEW AFFIRMED THE CONTINUING VALIDITY OF THE U.S. NEED TO ATTEMPT TO LIMIT SOVIET INFLUENCE IN AFGHANISTAN, IT CONCLUDED THAT DEVELOPING MILTIPOLARITY IN AFGHAN RELATIONSHIPS AND THE ABUNDANCE OF NON-COMMUNIST DEVELOPMENT FUNDS COMMITTED TO AFGHANISTAN RENDER SOMEWHAT LESS URGENT THE STRONG 1969 LINKAGES BETWEEN THE U.S. "ANTI-SOVIET" OBJECTIVE AND THE LEVEL OF MISSION ACTIVITIES. AND PROGRAMS.

THE REVIEW GROUP BELIEVED THAT THE TYPES OF ASSISTANCE PROJECTS MANDATED UNDER THE 1973 AID LEGISLATIVE GUIDE-LINES ARE LESS APPROPRIATE THAN PREVIOUS PROJECTS TO ACHIEVE U.S. OBJECTIVES AS DEFINED IN THE 1969 NSC PAPER. THE REVIEW GROUP DID NOT CONCLUDE THAT IT WOULD BE ADVISABLE TO RETURN TO LARGE-SCALE INFRASTRUCTURE PROJECTS, BUT THAT U.S. OBJECTIVES SHOULD BE EXPANDED TO INCLUDE THE ECONOMIC AND SOCIAL DEVELOPMENT OF AFGHANISTAN, THEREBY REFLECTING THE SHIFT IN CONGRESSIONAL PRIORITIES. AS

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PAGE 01 KABUL 01765 02 OF 05 100009Z

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ACTION NEA-07

INFO OCT-01 SS-14 ISC-00 PM-03 SP-02 L-01 NSC-05 NSCE-00

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C O N F I D E N T I A

LIMDIS

THE SECRETARY OF STATE HAS EXPRESSED ON NUMEROUS OCCASIONS, THE FATE OF INDUSTRIAL NATIONS IS INEXTRICABLY LINKED WITH THE DEVELOPMENT OF LESS DEVELOPED NATIONS. AFGHANISTAN IS ONE OF THE LEAST DEVELOPED, POOREST COUNTRIES IN THE WORLD AND WOULD MERIT SPECIAL CONSIDERATION EVEN IF IT WERE NOT RELEVANT TO U. S. REGIONAL POLITICAL OBJECTIVES. WHILE POOR AND UNDERDEVELOPED, AFGHANISTAN IS CLEARLY NOT A "BASKET CASE": THERE IS ENOUGH ARABLE LAND AND THERE ARE ENOUGH OTHER RESOURCES TO FEED AND CLOTHE ITS PEOPLE; AFGHANISTAN SO FAR LACKS POPULATION PRESSURE, AND HAS THE POTENTIAL TO BECOME A REGIONAL FOOD EXPORTING NATION.

THE REVIEW GROUP BELIEVES CHANGES IN U. S. AID GUIDELINES AND THE DEGREE OF AFGHANISTAN'S UNDERDEVELOPMENT ALONG WITH ITS FUTURE POTENTIAL WARRANT THE RECOGNITION THAT THE UNITED STATES HAS AN INTEREST IN THE ECONOMIC AND SOCIAL DEVELOPMENT OF AGHANISTAN PER SE AND NOT JUST AN INTEREST DERIVED FROM OUR TRADITIONAL POLITICAL CONCERNS.

2. COUNTRY TEAM'S VIEW OF EXTERNAL AND INTERNAL GOA

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POLICIES

THE COUNTRY TEAM HAS DOCUMENTED (REFS B AND C) ITS VIEWS ON THE PRESENT INTERNAL AFGHAN SITUATION AND THE STATE OF AFGHAN FOREIGN RELATIONS.

IN GENERAL, WE SEE PRESIDENT DAOUD STRENGTHENED IN HIS POSITION AS AN AFGHAN NATIONALIST, INCREASINGLY USING TRADITIONAL INSTRUMENTALITIES INTERNALLY TO ACHIEVE HIS GOALS OF MODERNIZATION AND A PLACE IN THE SUN OF WORLD AFFAIRS FOR AFGHANISTAN.

EXTERNALLY, THE GOA HAS PLAYED, RATHER SKILLFULLY, "THE NON-ALIGNED GAME" 2;-- KEEPINRFTHE RUSSIANS AT BAY, CULTIVATING IRAN'S FRIENDSHIP (AND MONEY*), CATERING TO

ISLAMIC SOLIDARITY AND VOTING WITH THE THIRD WORLD BLOC RATHER MORE CONSISTENTLY THAN WE WOULD LIKE. THERE HAS BEEN SOME MUTING IN THE NEGATIVE AFGHAN LINE ON PAK/ AFGHAN RELATIONS, BUT NO REAL PROGRESS IN COOLING THIS PERENNIAL HOT POTATO.

3. COUNTRY TEAM COMMENTS ON REVIEW GROUP PRESENTATION

THERE WAS GENERAL AGREEMENT THAT THE UNITED STATES OBJECTIVES FOR AFGHANISTAN REQUIRE ENHANCED SOPHISTICATION AND MORE PRECISION. THERE ALSO WAS GENERAL AGREEMENT THAT THE U. S. COULD DO MORE WITH THE AFGHANS TO MAKE ITS VIEWS KNOWN AND THE STRENGTH OF ITS CONVICTIONS FELT. SPECIFIC RECOMMENDATIONS IN THESE AREAS APPEAR BELOW.

THE COUNTRY TEAM DIFFERED WITH THE REVIEW GROUP IN ONLY TWO AREAS OF SUBSTANCE:

A. IRANIAN STEADFASTNESS

ALTHOUGH THERE WAS CONSIDERABLE DEBATE ON THIS POINT, VIRTUALLY ALL THE COUNTRY TEAM BELIEVES IT IS PREMATURE TO CONCLUDE THAT IRAN CAN BE A LONG-TERM, COMPLETELY DEPENDABLE AND SUBSTANTIAL CONTRIBUTOR TO AFGHAN POLITICAL BALANCE WITH THE SOVIET UNION BASED

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ON IRANIAN ASSISTANCE AND TRADE. WHILE IRANIAN AID APPEARS FIRMLY BASED ON IRAN'S SELF-INTEREST AND WHILE IRANIAN COMMITMENTS ARE LARGE, ACTUAL CAPITAL TRANSFERS REMAIN SMALL AND IT IS POSSIBLE THAT PESSENT BUDGETARY PROBLEMS IN IRAN WILL ADVERSELY AFFECT ITS AID PROGRAMS IN AFGHANISTAN. MOREOVER, NEITHER THE AFGHANS NOR THE SOVIETS PERCEIVE OF IRAN AS HAVING ACHIEVED SUFFICIENT INTERNATIONAL STATURE TO PLAY A MAJOR PART IN THE TRADITIONAL BALANCING ACT IN AFGHANISTAN. WE THEREFORE ARE SKEPTICAL THAT IRAN AND OTHER NEW CONTRIBUTORS TO THE BALANCING ACT "RENDER SOMEWHAT LESS URGENT THE -- LINKAGES BETWEEN THE 'U. S. ANTI-SOVIET' OBJECTIVE AND THE LEVEL OF MISSION ACTIVITIES AND PROGRAMS".

B. ECONOMIC ASSISTANCE

THE COUNTRY TEAM AGREES THAT U. S. ECONOMIC AND SOCIAL SECTOR ASSISTANCE TO AFGHANISTAN SERVES NOT ONLY OUR OBJECTIVE, AS STATED IN THE 1969 NSC PAPER, OF FOSTERING "AN ---- AFGHANISTAN WILLING AND ABLE TO IMPOSE LIMITATIONS ON SOVIET INFLUENCE", BUT ALSO OUR WORLDWIDE OBJECTIVE OF IMPROVING RELATIONS WIYH THE "THIRD WORLD".

REGARDING THE TYPES OF AID PROJECTS THAT BEST SERVE THESE OBJECTIVES, THERE WAS SOME DIFFERENCE OF OPINION BETWEEN THE COUNTRY TEAM AND THE REVIEW GROUP AND WITHIN THE COUNTRY TEAM. SOME MEMBERS OF THE COUNTRY TEAM AGREED WITH THE REVIEW GROUP THAT LARGE-SCALE "INFRASTRUCTURE" PROJECTS ARE BETTER SUITED THAN "GRASS ROOTS" PROJECTS AS POLITICAL COUNTERS SUPPORTING AFGHANISTAN'S BALANCING ACT VIS-A-VIS THE USSR.

THE DIRECTOR OF THE AID MISSION AND I DO NOT AGREE. IN THE FIRST PLCE, OUR POLITICAL OBJECTIVES ARE SERVED H AID PROJECTS WHICH ARE SUCCESSFUL IN MEETING AFGHAN GOALSM IT HAS BEEN OUR EXPERIENCE THAT LARGE-SCALE INFRASTRUCTURE PROJECTS HAVE OFTEN BEEN UNSUCCESSFUL. MOREOVER, THE DAOUD REGIME HAS STATED AS ONE OF ITS MAJOR GOALS THE IMPROVEMENT OF THE LIFE OF THE RURAL MASSES AND HAS WELCOMED U. S. AID PROJECTS WHICH CONTRIBUTE TO THAT END. SECONDLY, AS WE MOVE INTO LATER PHASES OF OUR AID

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PROJECTS, EVIDE[illegible] OF OUR HELP WILL BE SPREAD THROUGHOUT AFGHANISTAN IN T[illegible] FORMS OF SCHOOLS, HEALTH CENTERS AND RURAL WORKS AND WILL HAVE A SUBSTANTIAL POLITICAL IMPACT IN TERMS OF DEMONSTRATING AMERICAN INTEREST IN AFGHANISTAN. FINALLY, U. S. SUPPORT TO THE IBRD AND ADB WILL ENABLE US TO CONTINUE TO PARTICIPATE IN LARGE PROJECTS AS WELL, HOPEFULLY, SUCCESSFUL BIDDING BY AMERICAN FIRMS ON OPEC-FINANCED PROJECTS.

4. OVERALL COUNTRY TEAM RECOMMENDATIONS DEVELOPED FROM THE POLICY ASSESSMENT

A. OBJECTIVES

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ACTION NEA-07

INFO OCT-01 SS-14 ISC-00 PM-03 SP-02 L-01 NSC-05 NSCE-00

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WE BELIEVE THAT U.S. OBJECTIVES IN AFGHANISTAN REQUIRE BROADENING AND SOPHISTICATION. A SUGGESTED REVISION OF THE OBJECTIVES IS AS FOLLOWS:

-- TO FOSTER AN INDEPENDENT AND NON-ALIGNED AFGHANISTAN, WILLING AND ABLE TO IMPOSE LIMITATIONS ON SOVIET INFLUENCE.

-- TO PROMOTE THE DEVELOPMENT OF CLOSER AFGHAN REGIONAL TIES THROUGH THE IMPROVEMENT OF RELATIONS WITH PAKISTAN AND IRAN.

-- TO ASSIST AFGHANISTAN IN THE SOCIAL AND ECONOMIC DEVELOPMENT OF THE COUNTRY ESPECIALLY AS IT AFFECTS THE QUALITY OF LIFE OF THE MAJORITY OF THE AFGHAN POPULACE.

-- TO FOSTER A BROADER COMMUNITY OF INTEREST BETWEEN AFGHANISTAN AND THE UNITED STATES, INCLUDING AFGHAN APPRECIATION OF THE RELEVANCE OF AMERICAN VALUES-- ECONOMIC, POLITICAL AND SOCIAL-- TO THEIR NATIONAL PROBLEMS.

-- ENCOURAGE AN INCREASE IN AFGHAN UTILIZATION OF AMERICAN PRODUCTS AND SERVICES UNDERTAKINGS FUNDED BY OPEC AND OTHER DONORS, AND TO ENCOURAGE JOINT US-AFGHAN INVESTMENTS PROJECTS.

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-- TO OBTAIN MORE FAVORABLE AFGHAN VOTES AT MULTILATERAL FORUMS ON ISSUES CONSIDERED VITAL BY THE UNITED STATES.

-- IN THE SHORT TERM TO ASSIST THROUGH THE UN THE SUPPRESSION OF AFGHAN HEROIN PROCESSING POTENTIAL, THE DISRUPTION OF TRAFFICKING NETWORKS AND AN INCREASE IN SEIZURES OF OPIUM AND ITS DERIVATIVES; IN THE LONG TERM TO ENCOURAGE THE ERADICATION OF OPIUM CULTIVATION IN AFGHANISTAN.

B. TACTICS

WE AGREE WITH THE REVIEW GROUP THAT IN PRACTICAL SPHERS THE U.S. MISSION MUST STRENGTHEN OUR PRESENT POSTURE IN BILATERAL RELATIONS TO MAKE CLEAR TO THE AFGHANS THAT OUR RELATIONSHIP MUST HAVE TRUE MUTUALITY. SOME EXAMPLES OF WAYS TO MAKE THIS CLEAR ARE:

-- CONTINUED INSISTENCE IN ANY UNDERTAKING IN AFGHANISTAN THAT REASONABLE DEADLINES FOR ACTION ON BOTH SIDES BE ESTABLISHED AND THAT PROJECTS HAVE MUTUALLY UNDERSTOOD PRE-SET STANDARDS RELATED TO TIMEFRAMES WHICH MUST BE MET BEFORE FURTHER COMMITMENTS ARE MADE.

-- CONTINUED STRICT ADHERENCE TO CULTURAL EXCHANGE STANDARDS, SUCH AS IN THE INTERNATIONAL VISITORS' (IV) PROGRAM. RETURN OF GRANTS TO CJ IF AFGHANS DO NOT MEET REASONABLE DEADLINES.

-- MAINTAINING IN GOA THINKING THE LINKAGE BETWEEN U. S. ABILITY TO ASSIST ECONOMICALLY AND THE NEED TO ELIMINATE POPPY CULTIVATION IN AMERICAN PROJECT AREAS.

-- USE OF THE FIXED AMOUNT REIMBURSEMENT (FAR) SYSTEM IN AID PROJECTS. FAR MAKES U. S. PAYMENT DEPENDENT ON AFGHAN PERFORMANCE.

-- REMINDING THE GOA OF OUR BELIEF THAT THE PEACE CORPS CAN BE OF VALUE IN AFGHAN DEVELOPMENT PROGRAMS, MAKING AND RESPONDING TO SPECIFIC PROPOSALS AS OPPORTUNITIES ARISE, BUT NECESSARILY CONTINUING TO REDUCE THE NUMBER OF VOLUNETTERS IF THE GOA DOES NOT REQUEST REPLACEMENTS AND/OR DOES NOT MOVE

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REQUESTS FOR VOLUNTEERS IN ACCORDANCE WITH PEACE CORPS ADMINISTRATIVE DEADLINES.

5. CONSTRAINTS/LIMITATIONS/OPPORTUNITIES FOR U.S. ACTIONS

THE REORIENTATION AND REFINEMENTS IN U. S. OBJECTIVES AND TACTICS SET FORTH HERE REFLECT CHANGES IN THE AFGHAN SCENE AS A RESULT OF THE 1973 COUP, IN OUR OWN GLOBAL PERCEPTION OF OUR RELATIONSHIP WITH LESS-DEVELOPED COUNTRIES, THE GROWING IMPORTANCE OF MULTILATERAL DIPLOMACY, AND THE FOCUS OF OUR AID PROGRAM ON THE RURAL POOR.

WE DO NOT QUESTION THAT THE TIME HAS COME TO TAKE SOME COGNIZANCE OF OTHER FORCES AVAILABLE IN THE REGION TO BALANCE THE SOVIET UNION. THESE INCLUDE THE OPEC COUNTRIES, PARTICULARLY IRAN, AND ALSO CHINA. WE BELIEVE THAT THE BROAD DIVERSIFICATION OF FOREIGN PRESENCE AND ASSISTANCE TO AFGHANISTAN, NOT ONLY FROM THESE COUNTRIES BUT ALSO FROM WESTERN EUROPE AND JAPAN, IS IN OUR INTEREST BECAUSE IT ASSISTS AFGHANISTAN TO DILUTE THE SOVIET PRESENCE. THIS DIVERSIFICATION ALSO IS WELCOMED BY THE AFGHANS BECAUSE IT MAKES IT MORE DIFFICULT FOR THE SOVIETS TO CHARGE THAT THE AFGHANS ARE DEPENDING TOO MUCH ON THE U. S. ON THE OTHER HAND, THE DAY HAS NOT ARRIVED WHEN SUCH A BROAD DIVERSIFICATION OF FOREIGN PRESENCE CAN *SUBSTITUTE FOR OUR POLITICAL BALANCING ROLE. WE ALSO RECOGNIZE THAT U. S. INFLUENCE IN AFGHAN*ISTAN IS AND WILL REMAIN LIMITED. BUT MAINTAINING THAT INFLUENCE EVEN AT A LIMITED LEVEL DOES SERVE U. S. OBJECTIVES. AMONG OTHER THINGS, IT REASSURES NOT ONLY AFGHANS BUT ALSO IRANIANS, PAKISTANIS AND CHINESE THAT WE DO INDEED HAVE AN INTEREST IN REGIONAL STABILITY AND IN RESTRICTING SOVIET INROADS IN THE AREA. TO MAINTAIN THIS INFLUENCE REQUIRES A CONTINUING INPUT OF U. S. RESOURCES AND APPROPRIATE PROGRAMS.

WITHIN THIS FRAMEWORK WE BELIEVE THERE ARE SIGNIFICANT OPPORTUNITIES FOR ACHIEVING U. S. OBJECTIVES IN THE MONTHS AHEAD. FOR EXAMPLE:

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DEVELOPMENT

AS THE REVIEW GROUP STATES IN THEIR 1976 PAPER, THE U. S. HAS AN INTEREST IN FOSTERING THE ECONOMIC AND SOCIAL DEVELOPMENT OF AFGHANISTAN BECAUSE AFGHANISTAN IS ONE OF THE LEAST DEVELOPED COUNTRIES OF THE WORLD. AS THE SECRETARY OF STATE HAS DECLAREDON VARIOUS

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41
ACTION NEA-07

INFO OCT-01 SS-14 ISO-00 PM-03 SP-02 L-01 NSC-05 NSCE-00

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OCCASIONS, THE FUTURE AND SURVIVAL OF THE INDUSTRIALIZED NATIONS AND DEVELOPING NATIONS ARE INEXTRICABLY LINKED. THE U. S. HAS THEREFORE A REAL AND VITAL INTEREST IN THE DEVELOPMENT OF THE LDC'S. FURTHER, AS THE REVIEW GROUP POINTED OUT, THERE IS A GOOD CASE TO BE MADE THAT AFGHANISTAN IS A RELATIVELY PROMISING CANDIDATE FOR U. S. DEVELOPMENT ASSISTANCE.

SINCE THE AID MISSION IN AFGHANISTAN HAS READJUSTED ITS PROGRAM AND APPROACHES TO CONFORM TO EXECUTIVE/ CONGRESSIONAL INTENT, WE FIND OURSELVES IN THE FORTUNATE POSITION OF USING THE PRESENT MOD ST ASSISTANCE LEVELS AT OUR DISPOSAL TO IMPLEMENT A PROGRAM WHICH CAN HAVE SPECIAL MEANING FOR OVERALL U. S. DEVELOPMENT OBJECTIVES FOR AFGHANISTAN AND ALSO WHICH MIGHT SERVE AS A MODEL FOR MANY SIMILAR DEVELOPMENTAL SITUATIONS. OUR ASSISTANCE ALSO CONFORMS TO THE OFTEN-STATED OBJECTIVES OF THE AFGHAN GOVERNMENT TO ASSIST ITS PEOPLE IN RURAL AREAS. IN SHORT, GOOD DEVELOPMENT POLICY IS GOOD POLITICS IN AFGHANISTAN.

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THE U. S. REPUTATION FOR MANAGERIAL AND TECHNICAL EXPERTISE AND THE ABUNDANCE OF CAPITAL THE AFGHANS HAVE AT THEIR DISPOSAL FROM OPEC COUNTRIES GIVE US AN UNUSUAL OPPORTUNITY TO BRING U. S. BUSINESS TO CENTRAL ASIA.

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POLITICAL

IN MULTILATERAL AFFAIRS, THE U. S. MISSION WILL SEEK OCCASIONS TO FOSTER LESS OF A "KNEE-JERK" THIRD WORLD REACTION IN AFGHAN BEHAVIOR IN INTERNATIONAL FORA.

THE COUNTRY TEAM ENDORSES THE REVIEW GROUP'S RECOMMENDATIONS THAT, WITH SENSITIVITY TO THE IMPERATIVES OF AFGHANISTAN'S GEO-POLITICAL SITUATION AND MEMBERSHIP IN THE ISLAMIC FAMILY OF NATIONS, THE USG PROCEED AS FOLLOWS:

1) THAT WE MAKE CLEAR TO THE GOA THAT THE U. S. DOES NOT CONSIDER REFLEXIVE ADHERENCE TO THE "NON-ALIGNED MOVEMENT" TO BE EQUAL TO THE TRADITIONAL AFGHAN POLICY OF NON-ALIGNMENT THE U. S. HAS RESPECTED AND SUPPORTED IN THE PAST;

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3) THAT WE CONTINUE TO EXPLAIN USG POSITIONS ON KEY MULTILATERAL ISSUES;

4) THAT ON THOSE ISSUES DESIGNATED VITAL TO THE UNITED STATES WE MAKE CLEAR TO THE GOA/CHAT HOSTILE VOTES MAY RESULT IN ACTUAL, PRACTICAL EFFECTS ON OUR BILATERAL

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RELATIONS;

5) THAT ON ISSUES SO DESIGNATED THERE BE A COORDINATED MISSION EFFORT PRINCIPALLY INVOLVING THE EMBASSY, USIS, AND USAID TO IMPRESS UPON POLICY-LEVEL GOA OFFICIALS IN ALL MINISTRIES WITH WHICH WE HAVE SUBSTANTIAL CONTACT THE SERIOUSNESS WITH WHICH USG REGARDS VOTING IN INTERNATIONAL FORUMS.

ALSO IN THE POLITICAL AREA, THE COUNTRY TEAM ENDORSES THE REVIEW GROUP'S PROPOSALS ON THE ANTI-NARCOTICS PROGRAM. BUILDING ON THE EFFECTIVE WORK OF THE PAST, WE PLAN:

1) TO CONTINUE MAXIMUM MISSION INFLUENCE ON THE GOA TO MOVE AGAINST AFGHAN HEROIN PRODUCTION FACILITIES, SHOULD DEFINITE INFORMATION OF THE EXISTENCE OF SUCH LABORATORIES BE DEVELOPED;

2) TO MONITOR THE GOA POLICY OF SUPPRESSING OPIUM CULTIVATION IN THE HELMAND VALLEY;

3) TO HAVE THE DEA KABUL CONTINUE TO WORK IN CLOSE COOPERATION WITH THE UN NARCOTICS ADVISOR TO AFGHANISTAN;

4) TO SEARCH FOR WAYS WHEREBY INVITATIONS FOR U. S. NARCOTIC TRAINING PROGRAMS BE PRESENTED TO THE AFGHANS THROUGH UNFDAC, EITHER IN KABUL OR GENEVA;

5) TO CONTINUE TO RECOMMEND THAT IRAN, THE MAJOR RECIPIENT OF AFGHAN OPIUM, INCREASE ITS SUPPORT FOR UNFDAC, AND TO DISCUSS THE NARCOTICS PROBLEM WITH AFGHANISTAN IN A BILATERAL CONTEXT;

6) TO URGE THE GOA TO APPLY FUNDS GENERATED BY THE SALE OF SEIZED OPIUM TO NARCOTICS SUPPRESSION ACTIVITIES.

IN THEREGIONAL POLITICAL AFFAIRS AND IN THE MAIN ISSUE HERE -- THE AFGHAN/PAKISTAN QUARREL -- WE EXPECT FEW OPPORTUNITIES FOR U. S. PARTICIPATION, AND DO NOT REPEAT NOT RECOMMEND THAT THE USG GET ACTIVELY INTO THE MIDDLE

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OF THIS LONG-STANDING AND THORNY QUESTION. BUT THE OPPORTUNITIES MAY COME FOR QUIET DIPLOMACY, AND I WISH TO UNDERLINE OUR BELIEF THAT A CREDIBLE U. S. PRESENCE IN AFGHANISTAN IS IMPORTANT TO OUR ABILITY TO SEIZE SUCH OPPORTUNITIES. WHILE NOT VITAL TO OUR OWN NATIONAL SECURITY INTERESTS, AFGHANISTAN CONTINUES TO OCCUPY AN AREA WHERE A SIGNIFICANT INCREASE IN SOVIET INFLUENCE, PROFITING FROM INTERNAL DISORDER OR INTERNATIONAL DISPUTE, COULD BE OF GRAVE CONCERN TO THE U. S.

WE SHOULD ALSO RECOGNIZE THAT OUR ACTIONS IN PAKISTAN CAN AFFECT OUR ABILITY TO INFLUENCE AFGHAN POLICY IN THE REGION, WHEN AND IF WE DESIRE TO USE OUR INFLUENCE. IF THE AFGHANS BELIEVE THAT WE ARE TOO CLOSELY TIED TO PAKISTAN, FOR EXAMPLE IF WE SUPPLY SOPHISTICATED ARMS WITH OFFENSIVE CAPABILITY, THEY WILL BE LESS INCLINED

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PAGE 01 KABUL 01765 05 OF 05 091310Z

41
ACTION NEA-07

INFO OCT-01 SS-14 ISO-00 PM-03 SP-02 L-01 NSC-05 NSCE-00

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TO LISTEN TO US AND WILL AT THE SAME TIME SEEK SIMILAR MILITARY EQUIPMENT FROM THE USSR.

6. RESOURCE LEVELS

REF A REQUIRES ME TO STATE MY VIEW ON THE ADEQUACY OF PRESENT RESOURCES TO MEET OBJECTIVES.

WITH THE QUALIFICATION THAT OUR WHOLE MISSION HERE MUST SHARPEN THE WAYS IN WHICH WE APPROACH OUR AFGHAN COUNTERPARTS IN PLANNING AND IMPLEMENTATION, I BELIEVE OUR PRESENT BUDGET LEVELS ARE BARELY REPEAT BARELY ADEQUATE TO MEET OUR OBJECTIVES.

MOREOVER, MY COLLEAGUES IN THE COUNTRY TEAM AND I ARE FRANKLY ALARMED AT WHAT THE COMBINED TOLL OF INFLATION AND BUDGETARY REDUCTIONS ARE DOING TO U. S. RESOURCE LEVELS IN AFGHANISTAN:

ITEM: THE MAP TRAINING GRANTS FOR AFGHAN MILITARY OFFICERS HAVE BEEN VERY COST EFFECTIVE OVER THE YEARS AND ARE CRUCIAL TO OUR RELATIONSHIP WITH THE AFGHAN MILITARY

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WHICH IS THE POWER BASE OF THE CURRENT REGIME AND WILL REMAIN A CENTRAL POLITICAL ELEMENT IN ANY FUTURE GOVERNMENT. INFLATION AND MORE IMPORTANTLY A RETROACTIVE PRICE INCREASE FOR THE TRAINING PROGRAMS WILL SEVERLY AND ADVERSELY AFFECT THIS RELATIONSHIP UNLESS MORE MAP FUNDS ARE PROVIDED.

ITEM: THE EXCHANGE PROGRAM FOR FISCAL YEAR 1977, ACCORDING TO PRELIMINARY FIGURES (STATE 16571), WILL BE CUT 20 PCT. FROM THE FY 1976 PROGRAM. THE CU PROGRAM HERE IS OF FUNDAMENTAL IMPORTANCE TO OUR ABILITY TO INFLUENCE THE COMING GENERATION OF AGGHAN LEADERS.

ITEM: THE GRANT ELEMENT IN OUR AID PROGRAM IS BEING REDUCED.

ITEM: ONE OF THREE OFFICERS IN THE ECONOMIC/COMMERCIAL SECTION HAS BEEN RMOVED AT AN IMPORTANT TIME IN OUR CAMPAIGN TO HELP ESTABLISH U. S. BUSINESS IN AFGHANISTAN.

ITEM: REPRESENTATION M NDS ARE INADEQUATE.

WE PLAN TO CONTINUE AND STRENGTHEN OUR OWN SYSTEM OF EVALUATING PROGRAMS AND RESOURCE USE. WE RECOGNIZE THAT THE DEPARTMENT AND ASSOCIATED AGENCIES HAVE ENORMOUS PRESSURE ON THEM TO ECONOMIZE.

WHAT WE ASK HERE IS THAT CHANGES IN THE RESOURCE LEVELS FOR AFGHANISTAN BE EXAMINED CAREFULLY IN THE LIGHT OF OUR INTERESTS AND OUR OBJECTIVES. WE SHOULD AVOID LUMPING AFGHANISTAN IN "ACCROSS-THE-BOARD" GLOBAL CUTS WITHOUT CONSIDERING FIRST WHAT WE ARE TRYING TO ACHIEVE HERE.

THE REVIEW GROUP REMINDED THE COUNTRY TEAM THAT A COMMITMENT UNDERTAKEN IN LAST YEAR'S POLICY ASSESSMENT -- TO EXAMINE THE STYLE OF THE U. S. PRESENCE, SUCH AS SIZE AND LOCATION OF HOUSES AND SCOPE OF PRIVILEGES, TO DETERMINE WHETHER THIS STYLE ADVERSELY AFFECTS THE REALIZATION OF U. S. OBJECTIVES -- HAD NOT BEEN FULFILLED. THE COUNTRY TEAM HAS COMMITTED ITSELF TO A

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THOROUGH REVIEW OF THIS QUESTION, WITHOUT IN ANY WAY PREJUDGING THE OUTCOME OF THE REVIEW.
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